November 25, 2021

Company name Livesense Inc.
Representative Taichi Murakami,
President and Representative Director
(Code number: 6054 TSE)
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Notice of Measures to Improve Earning Power to Return to Profitability (Withdrawal from Some Businesses, Reduction of Fixed Costs, Investment in New Businesses, etc.)

The Company hereby announces that a resolution was passed at the meeting of the Board of Directors held today on measures to improve earning power to return to profitability ("the Plan") as outlined below.

1. Background behind the Plan

The Company recognizes that leaving behind the low-profit structure is an important management challenge. As such, the Company is working to optimize its business portfolio by engaging in selection and concentration of businesses and developing new businesses with models that differ from those of the past. Progress is being made on optimizing the business portfolio, including transfer of businesses such as success fee-based real estate posting site DOOR Chintai and new graduate employment support service Syukatsu Kaigi and development of new businesses via a specialized organization.

Moreover, during this fiscal year, the Company is working on enhancing the earning power of existing businesses and launching new ones to realize profitability and continuous growth that do not depend on the external environment. The policy is to balance a return to profitability with the launching of new businesses that will become the pillars of the future in pursuit of the corporate vision of "Invent the next common." Most recently, sales have increased, and the operating loss has shrunk for the third consecutive quarter, and progress on enhancing earning power has been steady. The operating loss was 241 million yen in the third quarter, so further enhancement is necessary in order to return to profitability.

These are the circumstances of the Plan, which was decided for the purpose of realizing profitability that does not depend on the external environment and achieving continuous growth and improvement of corporate value.

2. Overview of the Plan

(1) Withdrawal from unprofitable business

a. Business overview and reason for withdrawal

Tenshoku Navi is a success fee-based full-time job posting site. It supports the employment decision by publishing employment ads for full-time and contract employee jobs on the site, providing information to job seekers, and offering phone-based career-change advice.

Although the career change market is gradually recovering from COVID-19, the main users of this business are those who have not changed careers before. As such, it is likely to take some time for the business results to recover. Additionally, it will be difficult to establish a clear competitive advantage and create "the next common" in this business. The Company also determined that investing management resources into other businesses will contribute to company-wide growth. As a result, the decision was made to withdraw from the Tenshoku Navi business.

b. Business results in previous fiscal year (ended December 31, 2020)

Net sales: ¥653 million
Operating loss: -¥183 million

c. Schedule

Date of resolution by Board of Directors: November 25, 2021

Date of business termination: January 2022 (tentative)

(2) Reduction of fixed costs

a. Overview of efforts

Most employees of the Company have been working from home company-wide since March 2020, and in October 2020, the offices were consolidated into one location in the Tokyo area. In addition, the “Invent our next work and life style” project was launched to pursue and test out new work styles for the post-COVID-19 world. Based on these efforts, the Company decided to relocate its headquarters and Miyazaki Office and close its Kyoto Office, determining that this would facilitate both cost reduction and improvement of productivity.

At the same time, the contracts of some fixed-term employees and outsourcing operations will be revised.

b. Information about relocation of Headquarters

Address: 10F TOKYO PORTCITY TAKESHIBA, 1-7-1 Kaigan, Minato-ku, Tokyo

Timing of relocation: 1H FY2022 (tentative)

The relocation is contingent upon the vote to change the Articles of Incorporation at the Ordinary General Meeting of Shareholders to be held in March 2022.

(3) Ongoing investment in new businesses

The corporate vision of the Company is to “Invent the next common.” Under this vision, the Company is engaged in the development of new services to create the “next common” and solve the challenges faced by society.

During the current fiscal year, the Company has developed several new business proposals, including proposal-type matching service “knew” and online interview tool “batonn” in the aim of making them the next pillars.

By concentrating investment of the Company’s various resources such as cash and deposits and personnel, these new businesses will quickly be put on track, and the Company will work on developing new products and services in existing businesses without getting hung up on past services in order to bring about continuous growth.

(4) Appropriate personnel allocation

In working on (1) to (3) above, the Company seeks to enhance earning power and competitiveness company-wide. This will be achieved by improving productivity through streamlining of operations and strengthening development of new products and services in existing businesses and by reallocating personnel for the purpose of quickly launching new businesses.

(5) Clarification of management responsibilities

Although the Company’s earnings are now steadily recovering, an operating loss is expected to be recorded for the third consecutive year since fiscal 2019. In light of this situation, remuneration will be reduced as follows in order to clarify responsibility for further rationalization of operations becoming necessary.

Monthly pay of Taichi Murakami, President and Representative Director to be reduced by 30% (for four months)

3. Outlook

The impact of the decision on the Plan on consolidated results of the fiscal year ending December 31, 2022 is expected to be minor. In addition, in the fiscal year ending December 31, 2022 and thereafter, the Company expects sales and costs to decrease due to withdrawal from the business and reduction of fixed costs, respectively. Operating income is expected to increase, but the specific impact is still under review. The outlook for the fiscal year ending December 31, 2022 and beyond will be announced as soon as it is determined.